

14 October 2019

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CIRCULAR TO INVESTORS

Dear Sir/Madam

RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company) as the responsible entity of the LM Currency Protected Australian Income Fund (the Fund) (CPAIF)

I refer to my previous update dated 19 September 2018. I also refer to the appointment of Ginette Muller and I as Joint and Several Administrators of LM Investment Management Limited (In Liquidation) on 19 March 2013 and our subsequent appointment as Liquidators on 1 August 2013. Ginette Muller resigned as Liquidator of the Company on 17 May 2017.

I provide the following update in relation to the wind-up of the Fund.

Litigation

The twenty-sixth update from the Court Appointed Receiver of the Assets of the LM First Mortgage Income Fund (FMIF) is now available on the www.lmfimf.com website. As previously advised, distributions cannot be made from the Fund until such time as a distribution is made from the FMIF. I make no comment as to the contents of the update on the FMIF.

As investors are likely aware, the Receiver has commenced action against ICPAIF, CPAIF (the Feeder Funds), which if successful, will result in no further distributions to the Feeder Funds from FMIF. This action is being defended by Feeder Fund Receiver Said Jahani of Grant Thornton, with consent of myself as Liquidator of LMIM.

Further information concerning the progress of the litigation is contained in the Receivers' report and on the www.lmfimf.com website.

Taxation matters and audited accounts

CPAIF is presently unable to meet the costs of completing any taxation returns, business activity statements or audits.

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At the present time, Business Activity Statements have been completed to October 2013; taxation returns have been completed to 30 June 2008; and financial accounts have been completed to 30 June 2012.

When the outcome of the action by the FMIF Receiver is known i.e. whether there will be any future distributions to the Feeder Funds, it is my intention to apply to ASIC for audit relief for CPAIF on the basis the Fund is insolvent.

Indicative Net Asset Value

An **indicative** position of the Fund and estimated unit price as at 30 June 2019 is set out in the table below. All figures are in Australian Dollars (AUD).

LM Currency Protected Australian Income Fund NAV as at 30 June 2019	
Item	Amount
Cash at Bank	\$29,088
Total Fund Assets	\$29,088
Less:	
Fund Payables	<u>-\$20,791</u>
Total Fund Payables	<u>-\$20,791</u>
Indicative Net Assets as at 30 June 2019	<u><u>\$8,296</u></u>
Estimated AUD equivalent units at 30 June 2019	135,979,005
Estimated Unit Price as at 30 June 2019	\$0.00006

The estimated asset and unit values are expressed in AUD equivalents and are subject to daily market fluctuations. AUD equivalent units have been calculated based on the Australian Taxation Office and Reserve Bank of Australia foreign currency exchange rates for the year ended 30 June 2019. Accordingly, they are subject to change without notice to members.

For the purposes of presenting an indicative net position, the known invoiced liabilities of the Fund at 30 June 2019 which remained unpaid on that date have been included. The net asset position is calculated before consideration of future wind-up costs (including custody fees, legal fees, accounting and audit costs, and Liquidator remuneration and out of pocket expenses) not yet invoiced or yet to be incurred or determined by the Court. These future costs are expected to be relatively significant. I will do everything possible to minimise the ongoing wind-up costs.

Timing for Finalisation and Distributions

The timing for finalisation of the wind-up of the Fund, including the final distribution, is currently unable to be determined. Timing is dependent on the resolution of the FMIF Receiver's legal action against the Feeder Funds.

Contact Details

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website (www.lminvestmentadministration.com);
2. Sending an email outlining your queries to enquiries@lminvestmentadministration.com; and
3. Queries concerning holdings, transfer requests, and updated details should be directed to enquiries@lminvestmentadministration.com.

Yours faithfully
FTI Consulting



John Park
Liquidator